

**IOWA COLLEGE STUDENT AID COMMISSION
MINUTES OF MEETING
November 17, 2017**

Members Present:

Janet Adams	Michael Ash
Manny Atwood	Jeff Edler
Tim Fitzgibbon	Rachael Johnson
Katie Mulholland	Mary Pudenz
Mark Putnam	Herman Quirmbach
Doug Shull	Jeremy Varner
Cindy Winckler	

Members Absent:

Cecil Dolecheck	Kassidy Krause
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Staff Present:

Samita Basnet	Todd Brown
Jason Grinstead	Laura Ingleby
Julie Leeper	Karen Misjak
Lisa Pundt	Christina Sibaouih
Carolyn Small	Ashley Wendt

AG Present:

Emily Willits

Guests Present:

Gary Adams	Iowa Student Loan
Angela Carlson	Capri College
David Epley	House Democratic Staff
Allen Goody	Bankers Trust/BTC
Kathy Hanlon	Legislative Services Agency
Melissa Stover	Bankers Trust

Call to Order

The Iowa College Student Aid Commission met for a regularly scheduled meeting on November 17, 2017. Commission Chair Adams called the meeting to order at 10:00 a.m.

Executive Director's Report

Ms. Misjak said the Commission is administering two National Service Grants. The Course to College Corps refers to our AmeriCorps grant, which started on October 23. Ten AmeriCorps members have been hired and the grant allows fourteen part time and seven full time members. Ms. Misjak shared that these members will join four Vista members that are already placed in some of the same communities. The Vista members are working within the school district to focus on capacity building and sustainability. The AmeriCorps members are providing direct services to students in five communities. Ms. Misjak continued, the focus will be to help students and families complete the FAFSA and work with students on their transition from high school to college. Staff will be tracking services that the members are providing directly to students and families. Ms. Misjak added, recruitment will continue for members to work at school districts that are either a GEAR UP school or a Local Access College Network community.

Ms. Misjak provided an update on the Commission's Partnership Loan Portfolio (PLP). Ms. Misjak said the Iowa Department of Revenue (IDR) is providing collection services on the PLP portfolio. The Commission is the first agency to sign a Memorandum of Understanding with IDR to collect on outstanding debt owed to a state agency. Ms. Misjak shared from September 17 through October 30, IDR had collected approximately \$20,000. This is from sending out one letter to defaulted borrowers and their success in locating them. Staff will continue to work with IDR on identifying the best way to collect on these loans. Ms. Misjak said an action item would be presented during the Audit and Finance Committee report.

Ms. Misjak shared that Todd Brown and Julie Leeper attended a conference in Washington DC during the past week and were able to visit Iowa Congressional Offices. She said their visits were well received and they were able to meet directly with Senator Grassley and Congressman Young. They also met with aids in the other Iowa offices. Ms. Misjak said staff continues to watch what changes to federal regulations will impact students and higher education institutions as well as the federal grants that are administered by the Commission.

Ms. Misjak congratulated Chair Adams on being recognized in her community for her volunteer work with the Enhance Hamilton County Foundation more specifically her work

on the fledgling nonprofit Financial Literacy Council of Greater Hamilton County. The foundation will launch a College Savings Account with \$15 for each kindergartner, and then continue to contribute small amounts to reward activities such as a family attending a meeting for kindergarten students in her community.

Commissioner Quirnbach made the statement referring to the PLP portfolio that discussion should be held around accrued interest. If we are able to deduct mortgage interest he feels we should be able to deduct student loan interest. In response to a question from Commissioner Quirnbach, Ms. Misjak said the Commission paid \$6.22 million through June 2005 for the defaulted PLP portfolio and has collected \$9.8 million to date. Ms. Misjak reminded Commissioners that interest stopped accruing on July 1, 2016 and that these loans are extremely old. Commissioner Quirnbach questioned with taking over some bad loans, what is the bottom line, have we lost, broken even, or made a little bit of money. PAR value is around \$16 million. Ms. Misjak said approximately \$9 million principal is still outstanding.

Minutes of Meeting

Motion: Commissioner Fitzgibbon moved to approve the meeting minutes for the September 15, 2017 Commission Meeting. Commissioner Johnson seconded the motion, which passed unanimously.

Admin Rules

Ms. Leeper said the proposed changes to the Administrative Rules, Chapter 1 were minimal and ensuring that the Commission complies with the bylaws.

Motion: Commissioner Mulholland moved to propose amendments to Administrative Rules Chapter 1- "Organization and Operation". Commissioner Fitzgibbon seconded the motion, which passed unanimously.

Ms. Leeper said the proposed changes to the Administrative Rules, Chapter 37 are being proposed after discussions with the Attorney General's office clarifying procedures that apply to offset against state income tax refunds or rebates and administrative wage garnishment.

Motion: Commissioner Shull moved to propose amendments to Administrative Rules Chapter 37 – "Student Loan Debt Collection". Commissioner Johnson seconded the motion, which passed unanimously.

Ms. Leeper said the amendments to Chapter 21 reflect current policies and processes and incorporate clarifications with respect to SARA-approved schools.

Ms. Leeper continued the new Chapter 28 provides rules governing portions of Iowa Code 714, which are administered by the Iowa Attorney General's Office and the Iowa College Student Aid Commission concerning enforcement of consumer protection laws.

Commissioner Quirmbach stated his appreciation of the input received from the Attorney General's office and the emphasis on consumer protection.

Motion: Commissioner Mulholland moved to propose amendments to Administrative Rules Chapter 21 – "Approval of Postsecondary Schools" and propose a new Chapter 28 – "Postsecondary Student Consumer Protections". Commissioner Shull seconded the motion, which passed unanimously.

Banker's Trust

Ms. Misjak introduced Melissa Stover from Banker's Trust to provide the annual overview of investments and the status of the funds in the Trust. Ms. Stover introduced Alan Goody from BTC Financial Services whom manages the Trust. Mr. Goody provided an update on the GEAR UP Trusts. In response to questions from Commissioner Quirmbach and Commissioner Putnam, Mr. Goody said there are several years remaining in the GEAR UP 2.0 Trust and that they will keep cash low and investments high. Mr. Goody added that no one is able to consistently guess what the market will do. Commission Putnam asked what the contingency or back up plan is if there is an issue with the investments. Ms. Misjak replied stating the award amount would be adjusted based on the money that is in the Trust.

ACT Test Preparation

Ms. Sibauhi said Iowa College Aid issued a Request for Information (RFI), in accordance with Iowa Administrative Code rule 118.9, in May 2017. A subsequent Request for Proposals (RFP) was released in August 2017. The Department of Administrative Services managed the RFP process and a vendor has been selected. A contract was developed by the Department of Administrative Services that includes state-required terms and conditions, as well as the evaluation/selection criteria and responses received in the Request for Proposal. Staff at the Department of Administrative Services, Commission

staff, and Cambridge Educational Services has reviewed the contract. Ms. Sibaouih said the hopes for this service was that all of the students in the GEAR UP cohort would have access to test prep, but believes there will be less spending expected because of the timeline and how long it took to go through the procurement process.

Commissioner Winckler expressed concern that the delay for providing this service was due to the Department of Administrative Services process change for procurement. Commissioner Quirmbach hopes there is a way to make up the lost ground and feels it is extremely important.

In response to a question from Commissioner Johnson, Ms. Sibaouih said any student that would not qualify for a waiver for the ACT fee would be covered and paid for by the GU grant.

Motion: Commissioner Shull moved to authorize the Executive Director to enter into a contract for ACT preparation services for GU Iowa cohort during the 2017-18 academic year with Cambridge Education Services. Commissioner Mulholland seconded the motion, which passed unanimously.

Legislative Committee Report

Dr. Ingleby provided an overview of the Effect of State Grants on Community College Student Postsecondary Outcomes. This report is specifically covering the Iowa Vocational-Technical Tuition Grant and the Iowa Skilled Workforce Shortage Tuition Grant.

In response to questions, Ms. Leeper said we are not able to change the focus of the Vo-Tech program based on high demand and the Skilled Workforce program staff worked with Iowa Workforce Development and community college presidents. Commissioner Winckler said what we administer is based on the Department of Education and Iowa Workforce Development and that staff needs to make sure they are aligned with what is identified and what is actually available. Ms. Leeper said a conversation about what the earnings income is for the student in those programs is important and that is why staff feel this report will be helpful. Commissioner Varner shared that his team will be going over this report with Dr. Ingleby in the near future.

Audit and Finance Committee

Commissioner Fitzgibbon said the Audit and Finance Committee met and had discussion around how the financials are presented in the meeting materials. Staff are going to be working to simplify the financials so they are easier to read.

Commissioner Fitzgibbon informed the Commission that the Department of Revenue has requested an amendment to the agreement that is in place for the PLP collections.

In response to a question from Commissioner Quirnbach, Commissioner Fitzgibbon said the interest on these accounts stop accruing last year and this action will give the Department of Revenue the authority to collect principal only and to be able to compromise any and all debt.

Ms. Willits said this is the first time the Department of Revenue has done this type of agreement and are finding out the difficulty in collecting on loans of this age and they feel they would have more success in collecting on these loan if they were able to focus on the principal balance. Department of Revenue would like to have an amount that is realistic for the borrowers when they move to other tools for collections such as tax offsets.

Commissioner Quirnbach is not comfortable in not collecting the previously accrued interest on the loans prior to the decision that was made by the Commission to stop the accrual.

Commissioner Putnam said this is a tactile decision from the Audit and Finance Committee. It is a negotiation tactic when they are collecting on these loans.

Ms. Misjak said the Commission tried to sell these loans and no bids were received and the Commission does not have a system in place to collect on these loans. The payment records will take extensive labor in order to do some of the things the Department of Revenue is requesting in order for them to feel comfortable collecting on the interest accrual. Staff is comfortable with them collecting on the principal amount.

Commissioner Putnam moved to call to question.

Motion: Commissioner Fitzgibbon moved on behalf of the Audit and Finance Committee to authorize the Executive Director to sign an amendment to the Iowa Department of Revenue MOU: 1) with respect to the PLP loan portfolio, directing the Department of Revenue to collect outstanding principal balances only, less any payments already

made toward interest; and 2) granting Iowa Department of Revenue the authority to compromise any and all debt referred under the MOU. Motion passed unanimously.

Motion: Commissioner Fitzgibbon moved on behalf of the Audit and Finance Committee to authorize staff to reduce GEAR UP 1.0 spring scholarship awards to ensure that expenditures do not exceed the remaining balance in the GEAR UP 1.0 Trust Fund. Motion passed with Commissioner Johnson abstaining because she is a GEAR UP 1.0 recipient.

Board Structure

Commissioner Adams said NCHEMS is going to be in the office on December 19 and 20. They will be ready to provide their final report to the Commission after the first of the year.

Staff Report

Ms. Small provided a report on Postsecondary Registration Approvals as well as Exemption and SARA approvals, and provided a list of Exemption Applications that are currently under review.

Ms. Misjak provided an update on the FY 2017 year-to-date financials.


Mr. Grinstead presented the Iowa College and University Enrollment Report for Fall of 2017.

Chair Adams announced that Julie Leeper is planning to retire after the first of the year and a retirement open house will be held in January.

Adjourned at 12:29pm.



Janet Adams, Chair



Katie Mulholland, Vice Chair